



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 28, 2009

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: June 30, 2009, Investment Report And June 30, 2009, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the June 30, 2009, Investment Report; and
- B. Accept the June 30, 2009, Fiscal Agent Report.

DISCUSSION:

The City's investment reporting schedule requires staff to submit a comprehensive report on the City portfolio on a quarterly basis. This report covers investment activity for April through June, 2009.

According to estimates released by the Bureau of Economic Analysis, real gross domestic product (GDP), the broadest measure of the health of the U.S. economy, decreased at an annual rate of 5.5 percent during the first calendar quarter of 2009 after a 6.3 percent annual decrease for fourth quarter of 2008. The negative GDP indicated declines in exports, consumer spending, and business investments and indicates continued contraction of the U.S. economy. Unemployment rose to 9.5 percent during the second quarter up from 8.5 percent in March, which marked the highest level in nearly twenty-six years.

Financial markets exhibited continued volatility throughout the second calendar quarter of 2009. Housing starts rose unexpectedly by 3.6 percent in June, the highest in any month since November 2008 and up from a 17-year low in April, indicating improvement in the overall housing market due to lower mortgage interest rates and federal tax credits for homebuyers.

Personal income rose in June at a seasonally adjusted rate of 1.4 percent compared to the previous month, attributed largely to reduced taxes and increased social benefits programs under the stimulus plan. Consumer spending excluding gasoline was up slightly by 0.3 percent, the first increase in three months, while the savings rate rose to 6.9 percent, the highest in 15 years. Economists believe the increase in the savings rates indicates a fundamental shift in consumer behavior fueled by market instability, investment losses, a contracting labor market, and tight credit markets, and will continue for an extended period of time.

As shown in the table on the next page, Treasury yields generally moved higher during the second quarter as the U.S. government continued its myriad of fiscal programs and

spending initiatives to promote economic recovery and stabilize financial markets. Investor concerns about the large amount of Treasury debt coming to market to fund the massive bailout programs and stimulus packages were a major factor behind the rising yields. Increased supply

U.S. Treasury Market					
	3/31/2009	4/30/2009	5/31/2009	6/30/2009	Cumulative Change
3 Month	0.21%	0.13%	0.13%	0.19%	-0.02%
6 Month	0.41%	0.28%	0.28%	0.34%	-0.07%
1 Year	0.54%	0.46%	0.44%	0.48%	-0.06%
2 Year	0.80%	0.91%	0.91%	1.11%	0.31%
3 Year	1.12%	1.36%	1.40%	1.62%	0.50%
4 Year	1.39%	1.69%	1.87%	2.09%	0.70%
5 Year	1.65%	2.01%	2.34%	2.55%	0.90%
10 Year	2.67%	3.12%	3.46%	3.53%	0.86%
30 Year	3.54%	4.03%	4.34%	4.33%	0.79%
LAIF	1.82%	1.61%	1.53%	1.40%	-0.43%

of Treasuries in the market act to push prices down and yields up. Investor worries over inflation also helped push the Treasury yields higher.

The Consumer Price Index (CPI) is a general measure of inflation showing the average change in prices over time of goods and services purchased by households. The CPI-U for all items increased 0.7 percent in June after rising 0.1 percent in May, driven by increases in gasoline and energy. The CPI category of all items less food and energy rose 0.2 percent in June following a 0.1 percent increase in May.

During the second quarter, the federal funds rate remained unchanged at a target range of 0-1/4 percent. At its June meeting in Washington, the Federal Reserve Bank's Open Market Committee said that "inflation will remain subdued for some time," and reiterated comments from last quarter that the rate will continue to stay at "exceptionally low levels" for an "extended period."

Investment Activity

As shown in the table on the next page, the City invested \$20.0 million during the quarter. The purchases consisted of "AAA" rated Federal Agency securities, of which \$14.0 million are callable, and \$6.0 million are bullets. \$8.0 million of "AAA" rated Federal Agency securities were called during the quarter, and maturities for the quarter totaled \$10.45 million. The weighted average yield to maturity on the quarter's purchases totaled 2.253 percent, compared to that of 4.692 percent on the quarter's called and matured investments. The rate at which the City earned interest at LAIF was 1.51percent for the quarter ended June 30, 2009. Staff expects to reinvest a portion of the City's LAIF balances in short-term securities during the next quarter.

Council Agenda Report
June 30, 2009, Investment Report And June 30, 2009, Fiscal Agent Report
July 28, 2009
Page 3

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Mortgage Corp. (FHLMC)	\$ 2,000,000	04/08/09	04/08/13	04/08/11	2.552%	2.526%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	04/29/09	10/29/12	10/29/10	2.250%	2.250%
Federal National Mortgage Assn. (FNMA)	2,000,000	05/04/09	05/04/12	05/04/10	2.252%	2.185%
Federal Farm Credit Bank (FFCB)	2,000,000	05/08/09	04/08/13	-	-	2.200%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	05/13/09	05/13/13	05/13/11	2.400%	2.400%
Federal National Mortgage Assn. (FNMA)	2,000,000	05/20/09	11/20/12	05/20/10	2.250%	2.250%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	05/19/09	11/19/12	05/19/11	2.170%	2.170%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	06/09/09	08/17/12	-	-	2.420%
Federal Farm Credit Bank (FFCB)	2,000,000	06/19/09	06/18/12	-	-	2.125%
Federal Home Loan Bank (FHLB)	2,000,000	06/30/09	06/30/14	06/30/11	2.000%	2.000%
<i>Total Purchases</i>	\$ 20,000,000					
<i>Calls:</i>						
Federal Home Loan Mortgage Corp. (FHLMC)	\$ 2,000,000	04/02/08	04/02/12	04/02/09	3.375%	3.375%
Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000	04/20/07	04/20/12	04/20/09	5.250%	5.250%
Federal Home Loan Bank (FHLB)	2,000,000	04/22/08	04/22/13	04/22/09	4.517%	4.112%
Federal Home Loan Bank (FHLB)	2,000,000	05/22/08	05/22/13	05/22/09	4.350%	4.350%
<i>Total Calls</i>	\$ 8,000,000					
<i>Maturities:</i>						
Federal Farm Credit Bank (FFCB)	\$ 2,000,000	03/07/06	04/15/09	-	-	5.002%
United States Treasury Note (USTN)	2,000,000	05/19/06	05/15/09	-	-	5.000%
Federal Home Loan Bank (FHLB)	1,450,000	05/21/07	05/15/09	-	-	5.005%
Federal Home Loan Bank (FHLB)	2,000,000	05/21/07	06/12/09	-	-	5.005%
General Electric Capital Corp. (GECC)	1,000,000	02/10/06	06/15/09	-	-	5.000%
General Electric Capital Corp. (GECC)	2,000,000	04/17/07	06/15/09	-	-	5.060%
<i>Total Maturities</i>	\$ 10,450,000					

Summary of Cash and Investments

During the quarter, the City's book rate of return decreased by 48 basis points from 3.581 percent at March 31, 2009 to 3.101 percent at June 30, 2009. The portfolio yield continues to decline through the attrition of higher-yielding securities, and reinvestment at considerably lower market rates. The portfolio's average days to maturity increased by 19 days from 446 to 465 days.

Mo. Ended	Yield	Days to Maturity
3/31/2009	3.581%	446
4/30/2009	3.272%	386
5/31/2009	3.148%	416
6/30/2009	3.101%	465

Credit Quality on Corporate Notes

The table on the next page summarizes the credit ratings on corporate securities held in the City's portfolio. Over the course of the quarter ended June 30, 2009, there were credit quality changes to three corporate issuers as discussed below. All three ratings remain within the City's Investment Policy guidelines of "A" or better.

Council Agenda Report

June 30, 2009, Investment Report And June 30, 2009, Fiscal Agent Report

July 28, 2009

Page 4

ISSUER	PURCHASE DATE	MATURITY DATE	QUALITY RATING at PURCHASE		QUALITY RATING AS OF 3/31/09		QUALITY RATING AS OF 6/30/09	
			MOODY'S	S & P	MOODY'S	S & P	MOODY'S	S & P
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aaa	AAA	Aaa	AAA	Aa2	AAA
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aaa	AAA	Aa2	AA+	Aa2	AA+
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aaa	AAA	Aa2	AA+	Aa2	AA+
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aaa	AAA	Aa1	AA+	Aa1	AA
WELLS FARGO & CO.	10/10/06	08/09/10	Aa1	AA	A1	AA	A1	AA-
WELLS FARGO & CO.	05/30/07	01/12/11	Aa1	AA+	A1	AA	A1	AA-

On April 9, 2009, Moody's Investors Service (Moody's) downgraded Berkshire Hathaway by two notches from Aaa to Aa2. Moody's said that the downgrade reflected "the impact on Berkshire's key businesses [in construction, retailing and consumer finance] of the severe decline in equity markets over the past year as well as the protracted recession". As of June 30, 2009, the City held a single \$2 million Berkshire Hathaway note, representing 1.18 percent of the portfolio.

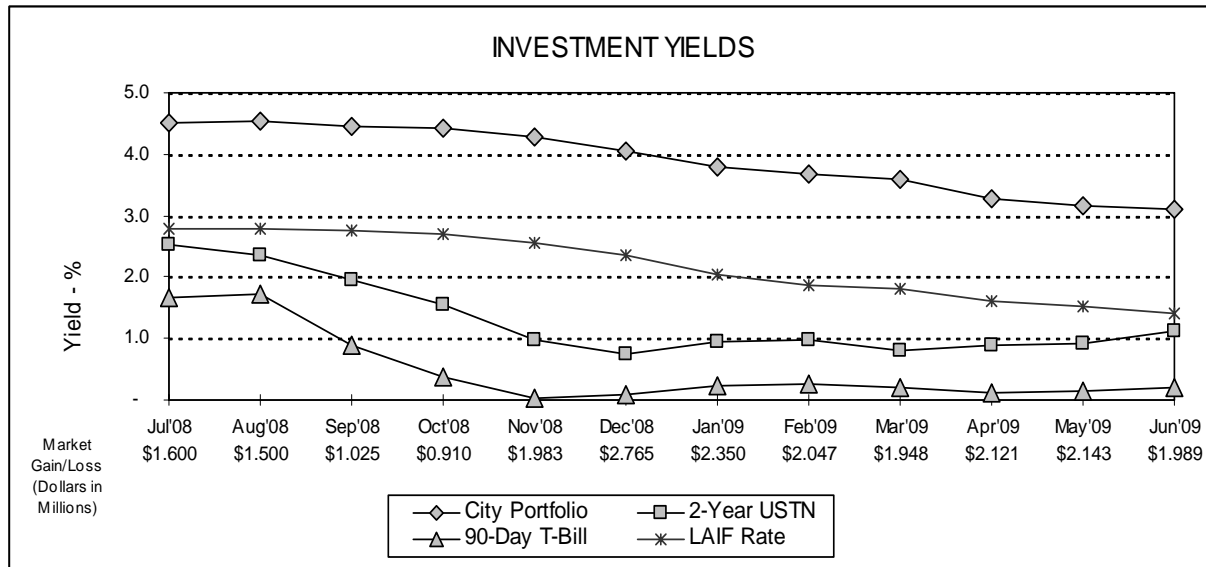
On May 9, 2009, Standard & Poor's (S&P) lowered Toyota Motor Corp's rating by a single notch from AA+ to AA following Toyota's announcement of weak earnings guidance for the next fiscal year. The downgrade reflected S&P's concern that there will be continued pressure on Toyota's profitability and cash flow and that a recovery may be delayed due to challenges in global auto markets. As of June 30, 2009, the City held a single \$2 million Toyota note, representing 1.18 percent of the portfolio.

On June 17, 2009, Standard & Poor's (S&P) downgraded an entire sector by reducing the ratings of 18 U.S. banks on its CreditWatch list, including Wells Fargo and Co. (WFC). Wells was downgraded by a single notch from AA to AA-. The move was attributed to tighter regulation and increased market volatility. As of June 30, 2009, the City held two \$2 million Wells notes, representing 2.37 percent of the portfolio.

Per the City's Investment Policy, Section VII.A.5, investments in any one "AA" rated corporate issuer is limited to no more than 5 percent of the portfolio, and investments in any one "A" rated issuer is limited to 3% of the portfolio. Also per the Policy, if the quality rating of the issuer is downgraded, subsequent to purchase, below "A," or its equivalent, it shall be reported to Finance Committee and City Council with a recommendation, and ongoing information shall be provided if the bond is not sold. Staff will continue to monitor for any further changes to quality ratings.

Portfolio Market Gains/Losses

As shown on the Investment Yields below, the City's portfolio continued to reflect unrealized market gains during the quarter due to the low interest rate environment. At June 30, the portfolio had an unrealized market gain of \$1.893 million.



The table below reflects the five securities with the largest percentage of unrealized losses at June 30, 2009. There were no securities with market decline of greater than 1 percent compared to the prior month.

Issuer	Face Amount	Maturity	\$ Mkt Loss	% Mkt Loss
Federal Farm Credit Bank	\$ 2,000,000	04/08/13	\$7,500	0.38%
Federal National Mortgage Assn.	\$ 2,000,000	11/20/12	\$7,500	0.38%
Federal Home Loan Mortgage Corp.	\$ 2,000,000	11/19/12	\$4,220	0.21%
Federal Home Loan Mortgage Corp.	\$ 2,000,000	04/08/13	\$3,491	0.17%
Federal Home Loan Bank	\$ 1,700,000	06/08/12	\$2,941	0.16%

Additional Reporting Requirements

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of June 30, 2009 is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

Fiscal Agent Investments

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service retirement fund as of June 30, 2009.

ATTACHMENTS: 1. June 30, 2009, Investment Report
2. June 30, 2009, Fiscal Agent Report

PREPARED BY: Jill Taura, Treasury Manager

SUBMITTED BY: Robert Peirson, Finance Director

APPROVED BY: **City Administrator's Office**

CITY OF SANTA BARBARA
Activity and Interest Report
June 30, 2009

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

06/09	Federal Home Loan Mortgage Corp. (FHLMC)	\$	2,000,000
06/15	LAIF Deposit/City		5,500,000
06/19	Federal Farm Credit Bank (FFCB)		2,000,000
06/23	LAIF Deposit/City		2,000,000
06/26	LAIF Deposit/City		1,000,000
06/30	Federal Home Loan Bank (FHLB)		2,000,000
Total		\$	14,500,000

SALES, MATURITIES, CALLS OR WITHDRAWALS

06/01	LAIF Withdrawal/City	\$	(2,500,000)
06/04	LAIF Withdrawal/City		(4,000,000)
06/09	LAIF Withdrawal/City		(1,000,000)
06/12	Federal Home Loan Bank (FHLB) Maturity		(2,000,000)
06/15	General Electric Capital Corp. (GECC) Maturity		(1,000,000)
06/15	General Electric Capital Corp. (GECC) Maturity		(2,000,000)
06/18	LAIF Withdrawal/City		(4,000,000)
06/19	LAIF Withdrawal/City		(1,500,000)
06/24	LAIF Withdrawal/City		(1,500,000)
06/30	LAIF Withdrawal/City		(1,000,000)
06/30	LAIF Withdrawal/RDA		(2,000,000)
Total		\$	(22,500,000)

ACTIVITY TOTAL

\$ (8,000,000)

INTEREST REVENUE

POOLED INVESTMENTS

Interest Earned on Investments	\$	398,356
Amortization		12,624
SBB&T Sweep Account Interest		123
SBB&T Trust Account M/M Interest		4
Total	\$	411,107

RDA INVESTMENTS

Interest Earned on Investments (LAIF)	\$	29,871
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TOTAL INTEREST EARNED

\$ 440,978

CITY OF SANTA BARBARA
Summary of Cash and Investments
June 30, 2009

ENDING BALANCE AS OF MAY 31, 2009

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 65,100,000	1.530%	36.74%	1
Certificates of Deposit	2,000,000	2.500%	1.13%	170
Federal Agency Issues - Coupon	87,022,501	3.764%	49.12%	787
Corporate/Medium Term Notes	15,250,809	4.910%	8.61%	305
SB Airport Promissory Note	7,800,000	6.500%	4.40%	29
Totals and Averages	\$ 177,173,310	3.148%	100.00%	416
SBB&T Money Market Account	2,007,002			
Total Cash and Investments	\$ 179,180,312			

NET CASH AND INVESTMENT ACTIVITY FOR JUNE 2009 **\$ (4,835,690)**

ENDING BALANCE AS OF JUNE 30, 2009

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 56,100,000	1.396%	33.18%	1 (1)
Certificates of Deposit	2,000,000	2.500%	1.18%	140
Federal Agency Issues - Coupon	90,945,659	3.634%	53.78%	812
Corporate/Medium Term Notes	12,253,595	4.878%	7.25%	347
SB Airport Promissory Note	7,800,000	6.500%	4.61%	13
Totals and Averages	\$ 169,099,254	3.101%	100.00%	465
SBB&T Money Market Account	5,245,369			
Total Cash and Investments	\$ 174,344,622			

Note:

(1) The average life of the LAIF portfolio as of June 30, 2009 is 235 days.

CITY OF SANTA BARBARA
Investment Portfolio
June 30, 2009

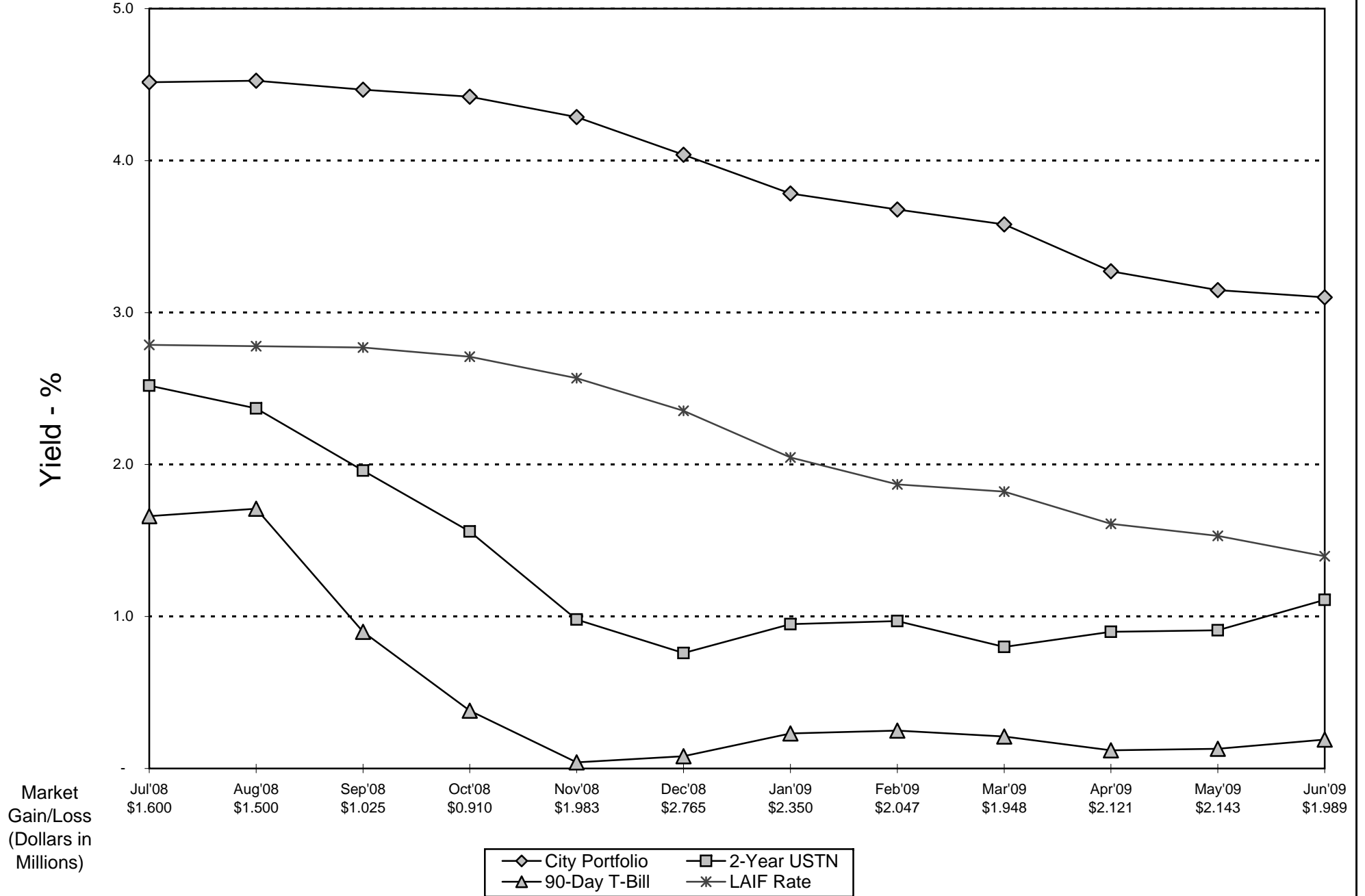
DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	1.396	1.396	32,000,000.00	32,000,000.00	32,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	1.396	1.396	24,100,000.00	24,100,000.00	24,100,000.00	0.00	
Subtotal, LAIF							56,100,000.00	56,100,000.00	56,100,000.00	0.00	
CERTIFICATES OF DEPOSIT											
MONTECITO BANK & TRUST	11/18/08	11/18/09	-	-	2.500	2.500	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
Subtotal, Certificates of deposit							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,007,058.67	2,023,750.00	16,691.33	
FEDERAL FARM CREDIT BANK	08/17/06	08/17/09	Aaa	AAA	5.125	5.150	2,000,000.00	1,999,941.22	2,012,500.00	12,558.78	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,020,635.91	2,148,440.00	127,804.09	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,992,473.31	2,094,070.00	101,596.69	
FEDERAL FARM CREDIT BANK	02/01/08	02/01/13	Aaa	AAA	3.790	3.790	2,000,000.00	2,000,000.00	2,036,570.00	36,570.00	Callable 2/01/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	03/02/12	Aaa	AAA	2.370	2.370	2,000,000.00	2,000,000.00	2,014,070.00	14,070.00	Callable 3/02/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,017,510.00	17,510.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,024,380.00	24,380.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	1,992,500.00	(7,500.00)	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,008,130.00	8,130.00	
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	993,055.35	1,021,405.00	28,349.65	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,991,642.71	2,021,570.00	29,927.29	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,008,485.80	2,146,250.00	137,764.20	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,961,787.65	2,096,880.00	135,092.35	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	998,245.87	1,032,035.00	33,789.13	
FEDERAL HOME LOAN BANK	02/26/09	02/24/14	Aaa	AAA	3.250	3.261	2,000,000.00	1,999,349.16	2,003,440.00	4,090.84	Callable 2/24/10, then qtrly
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,808,655.82	1,805,714.50	(2,941.32)	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	1,998,440.00	(1,560.00)	StrNt, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,578.86	1,053,440.00	52,861.14	
FEDERAL HOME LOAN BANK	04/21/08	10/21/11	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,003,120.00	3,120.00	Callable 7/21/09, once
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,985,510.25	2,061,560.00	76,049.75	
FEDERAL HOME LOAN BANK	09/25/08	08/18/09	Aaa	AAA	3.750	3.231	2,000,000.00	2,001,318.33	2,009,380.00	8,061.67	
FEDERAL HOME LOAN BANK	10/18/06	09/11/09	Aaa	AAA	5.250	5.060	1,000,000.00	1,000,329.53	1,009,535.00	9,205.47	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,994.95	2,380,901.95	35,907.00	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,756.51	2,095,630.00	95,873.49	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,994,229.60	2,078,130.00	83,900.40	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,993,469.92	2,062,190.00	68,720.08	
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,984,952.48	2,067,500.00	82,547.52	

CITY OF SANTA BARBARA
Investment Portfolio
June 30, 2009

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN BANK	09/25/08	09/25/09	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,014,070.00	14,070.00	
FEDERAL HOME LOAN BANK	10/15/08	07/15/11	Aaa	AAA	4.000	4.002	2,000,000.00	2,000,000.00	2,001,880.00	1,880.00	Callable 7/15/09, once
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,998,230.56	1,994,740.00	(3,490.56)	Callable 4/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12	Aaa	AAA	2.170	2.170	2,000,000.00	2,000,000.00	1,995,780.00	(4,220.00)	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	03/24/09	03/24/14	Aaa	AAA	3.500	3.500	2,000,000.00	2,000,000.00	1,999,980.00	(20.00)	Callable quarterly
FEDERAL HOME LOAN MTG CORP	05/13/09	05/13/13	Aaa	AAA	2.400	2.400	2,000,000.00	2,000,000.00	1,997,160.00	(2,840.00)	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	09/14/06	09/01/09	Aaa	AAA	4.125	5.070	1,000,000.00	998,553.14	1,006,130.00	7,576.86	
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,989,393.11	2,077,840.00	88,446.89	
FEDERAL HOME LOAN MTG CORP	10/15/07	10/15/12	Aaa	AAA	5.050	5.050	2,000,000.00	2,000,000.00	2,025,740.00	25,740.00	Callable 10/15/09, once
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,914,981.11	1,934,680.00	19,698.89	
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,992,241.93	2,043,840.00	51,598.07	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,974,919.97	2,075,120.00	100,200.03	
FEDERAL HOME LOAN MTG CORP	04/29/09	10/29/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,007,100.00	7,100.00	Callable 10/29/10, once
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,010,630.00	10,630.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,011,250.00	11,250.00	StrNt, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	05/04/09	05/04/12	Aaa	AAA	2.150	2.185	2,000,000.00	1,998,316.67	2,000,630.00	2,313.33	Callable 5/04/10, once
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,992,550.13	2,066,570.00	74,019.87	
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,018,440.00	18,440.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	05/20/09	11/20/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	1,992,500.00	(7,500.00)	Callable 5/20/10, once
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,048,440.00	48,440.00	Callable 3/05/10, once
Subtotal, Federal Agencies							91,045,000.00	90,945,658.52	92,641,561.45	1,695,902.93	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aa2	AAA	4.125	3.630	2,250,000.00	2,255,735.12	2,290,320.00	34,584.88	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,029,956.76	2,096,220.00	66,263.24	
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aa2	AA+	4.625	5.300	2,000,000.00	1,997,465.33	2,012,840.00	15,374.67	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aa1	AA	4.250	5.140	2,000,000.00	1,988,592.79	2,037,280.00	48,687.21	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,989,343.95	2,059,140.00	69,796.05	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA-	4.625	5.000	2,000,000.00	1,992,501.43	2,051,100.00	58,598.57	
Subtotal, Corporate Securities							12,250,000.00	12,253,595.38	12,546,900.00	293,304.62	
SB AIRPORT PROMISSORY NOTE											
SANTA BARBARA AIRPORT	07/01/08	07/14/09	-	-	6.500	6.500	7,800,000.00	7,800,000.00	7,800,000.00	0.00	
Subtotal, SBA Note							7,800,000.00	7,800,000.00	7,800,000.00	0.00	
TOTALS							169,195,000.00	169,099,253.90	171,088,461.45	1,989,207.55	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.

INVESTMENT YIELDS



CITY OF SANTA BARBARA
Fiscal Agent Investments
June 30, 2009

	CASH & CASH EQUIVALENTS	Guaranteed Investment Contracts (GIC)	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
	Book & Market	Book & Market	Book	Market	Book	Market	Book	Market	Book	Market
BOND FUNDS										
RESERVE FUNDS										
2004 RDA - Housing Bonds	557,628.11	-	-	-	-	-	-	-	557,628.11	557,628.11
2002 Municipal Improvement - Refunding COPs	13,773.78	547,530.00	-	-	-	-	-	-	561,303.78	561,303.78
2002 Water - Refunding COPs	23,300.64	1,088,268.76	-	-	-	-	-	-	1,111,569.40	1,111,569.40
1994 Water - Revenue Bonds	19,800.86	757,680.00	-	-	-	-	-	-	777,480.86	777,480.86
2002 Waterfront - Reference COPs	9,663.44	1,393,262.50	-	-	-	-	-	-	1,402,925.94	1,402,925.94
1992 Seismic - Safety Bonds	87,465.15	-	-	-	-	-	-	-	87,465.15	87,465.15
Subtotal, Reserve Funds	711,631.98	3,786,741.26	-	-	-	-	-	-	4,498,373.24	4,498,373.24
PROJECT FUNDS										
2001 RDA Bonds	3,512,558.73	-	-	-	-	-	-	-	3,512,558.73	3,512,558.73
2003 RDA Bonds	22,550,548.08	-	-	-	-	-	-	-	22,550,548.08	22,550,548.08
2004 Sewer Revenue Bonds	3,738,640.35	1,357,140.00	-	-	-	-	-	-	5,095,780.35	5,095,780.35
2009 Airport Bonds	42,826,133.33	-	-	-	-	-	3,100,000.00	3,092,188.00	45,926,133.33	45,918,321.33
Subtotal, Project Funds	72,627,880.49	1,357,140.00	-	-	-	-	3,100,000.00	3,092,188.00	77,085,020.49	77,077,208.49
Subtotal Bond Funds	73,339,512.47	5,143,881.26	-	-	-	-	3,100,000.00	3,092,188.00	81,583,393.73	81,575,581.73
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	107,252.32	-	198,208.61	214,296.95	-	-	-	-	305,460.93	321,549.27
	107,252.32	-	198,208.61	214,296.95	-	-	-	-	305,460.93	321,549.27
TOTAL FISCAL AGENT INVESTMENTS	73,446,764.79	5,143,881.26	198,208.61	214,296.95	-	-	3,100,000.00	3,092,188.00	81,888,854.66	81,897,131.00

Notes:

- (1) Cash & cash equivalents include money market funds.
- (2) Market values have been obtained from the following trustees: U S Bank, Bank of New York and Santa Barbara Bank & Trust